

**BEFORE THE  
SOUTH CAROLINA  
PUBLIC SERVICE COMMISSION  
DOCKET NO. 2004-\_\_\_\_-C**

<b>Joint Petition of</b>	)
	)
<b>Dominion Telecom, Inc.,</b>	)
	)
<b>Dominion Fiber Ventures, LLC</b>	)
	)
<b>and</b>	)
	)
<b>Elantic Networks, Inc.</b>	)
	)
<b>For Approval of a Change in Control</b>	)
<b>of Dominion Telecom, Inc. and for Approval</b>	)
<b>of a Name Change from Dominion Telecom, Inc. )</b>	)
<b>to Elantic Telecom, Inc.</b>	)

**JOINT PETITION FOR APPROVAL OF A CHANGE IN CONTROL**

Dominion Telecom, Inc. (“Dominion Telecom”), its parent Dominion Fiber Ventures, LLC (“Dominion Fiber Ventures”) and Elantic Networks, Inc. (“Elantic Networks” together with Dominion Telecom and Dominion Fiber Ventures, “Petitioners”) pursuant to S.C. Code Annotated §58-9-310, and the rules of the South Carolina Public Service Commission (the “Commission”), respectfully request authority to transfer control of Dominion Telecom from Dominion Fiber Ventures to Elantic Networks. In particular, Petitioners have entered into an agreement whereby a wholly owned subsidiary of Elantic Networks, Elantic Networks Merger Sub, Inc. (“Merger Sub”), will merge into Dominion Telecom, with Dominion Telecom as the surviving corporation in such merger. As a result, Dominion Telecom will become a wholly owned subsidiary of Elantic Networks. Upon the merger, the name of the surviving corporation, Dominion Telecom, will be changed to Elantic Telecom, Inc. (“Elantic Telecom”). Accordingly, the Petitioners request that the Commission approve the name change of Dominion Telecom to

Elantic Telecom. Elantic Networks will enter into one or more management and services agreements (the “MSAs”) with Cavalier Telephone, LLC (“Cavalier”) to operate and manage Dominion Telecom’s network.

Petitioners respectfully request that the Commission approve this Petition expeditiously to allow the proposed merger to be consummated as soon as possible. Due to market considerations, the Petitioners are endeavoring to consummate the merger on or before May 1, 2004.

Petitioners provide the following additional information in support of this Petition:

## **I. THE PARTIES**

### **A. Dominion Telecom, Inc.**

Dominion Telecom, a wholly owned subsidiary of Dominion Fiber Ventures, is a Virginia public service corporation with its headquarters at 4355 Innslake Drive, Glen Allen, Virginia 23060, (804) 565-7500. The Commission granted Dominion Telecom a Certificate of Public Convenience and Necessity to provide local exchange and interexchange services by Order 2001-1120 issued by the Commission on December 18, 2001 in Docket No. 2001-375-C. Dominion Telecom holds both domestic and foreign Section 214 authorizations from the Federal Communications Commission to provide domestic interstate and international telecommunications services. Dominion Telecom currently provides facilities-based local exchange and interexchange telecommunications services to customers in approximately sixteen (16) States, including South Carolina.

### **B. Dominion Fiber Ventures, LLC**

Dominion Fiber Ventures is a Delaware limited liability company headquartered at 120 Tredegar Street, P.O. Box 26532 (23261), Richmond, Virginia 23219, (804) 819-2000.

Dominion Fiber Ventures does not hold a Certificate of Public Convenience and Necessity to operate as a telecommunications utility in South Carolina.

**C. Dominion Resources, Inc.**

Dominion Resources, Inc. (“Dominion Resources”) is the ultimate parent of Dominion Fiber Ventures and Dominion Telecom. It is a publicly held Virginia general business corporation with its headquarters at 120 Tredegar Street, Richmond, Virginia 23219 (804) 819-2000. Dominion Resources is a registered holding company subject to regulation by the federal Securities and Exchange Commission pursuant to the Public Utility Holding Company Act of 1935, as amended.

**D. Elantic Networks, Inc., Elantic Networks Merger Sub, Inc. and Cavalier Telephone LLC**

The Elantic companies were recently formed for the explicit purpose of acquiring Dominion Telecom. Elantic Networks is a Delaware corporation headquartered at 2134 West Laburnum Avenue, Richmond, Virginia 23227, (804) 422-4100. Elantic Networks has obtained sufficient funding from the Investors to complete the merger and for the working capital needs of Dominion Telecom thereafter.

Merger Sub is a Virginia public service corporation and a wholly owned subsidiary of Elantic Networks that was created solely for the purposes of this merger. Merger Sub’s address and telephone number are 2134 West Laburnum Avenue, Richmond, Virginia 23227-4342, (804) 422-4100.

As stated previously, Elantic Networks will enter into one or more MSAs on an arm's-length basis with Cavalier for the operation and management of the network. Cavalier is a direct, wholly owned subsidiary of Cavalier Telephone Corporation, whose majority owners are the principal investors in Elantic Networks. Therefore, the Cavalier companies and the Elantic

companies are effectively under common control. Cavalier's address and telephone number are 2134 West Laburnum Avenue, Richmond, Virginia 23227-4342, (804) 422-4100.

Cavalier's management team has extensive experience building and operating fiber optic telephone networks in the United States. Cavalier offers "plain old telephone service," digital subscriber line, and related telephone and data services in six jurisdictions. The Cavalier entities rely on 850 employees to bring a wide array of telephone and data service offerings to over 200,000 access lines and over 150,000 business and residential customers. Cavalier owns, operates, and maintains 2,200 miles of fiber-optic network throughout its footprint, and interconnects directly with several leading wireless carriers, several interexchange carriers, numerous competitive local exchange carriers, and Verizon, an incumbent local exchange carrier. Cavalier currently has annualized revenues of \$192 million.

Cavalier's founder and Chief Executive Officer, who is also President of Elantic Networks, founded such companies as City Signal Inc., Michigan's first competitive local exchange ("CLEC") provider, and Phone Michigan, which was Michigan's fastest growing CLEC when it merged with another company. Cavalier's management team brings years of experience from such telecommunications providers as AT&T, Bell Atlantic and GTE (now Verizon), and its financial stability has rested largely on the experience of its principals. In addition, Elantic Network's management has a track record of successfully completing acquisitions of telecommunications businesses. This includes the acquisition in November 2001 of the telecommunications assets of Conectiv Communications, which allowed Cavalier to expand its service offerings to include voice and data service in Delaware, Maryland, New Jersey, and Pennsylvania and in January 2002, the acquisition of Net2000 Communications, which allowed Cavalier to broaden its customer base throughout Virginia, Maryland and

Washington, D.C. The proposed combination of the financial and managerial abilities of Elantic Networks and Cavalier with the current operations of Dominion Telecom will result in a business that is well positioned to provide and expand competitive service offerings in Virginia and in other jurisdictions.

Cavalier will utilize employees of Dominion Telecom with its own workforce to continue to bring quality service to Dominion Telecom customers. Cavalier expects to expand Dominion Telecom's service offerings to its existing customers and to build on the customer base that Dominion Telecom has already started assembling. The merger will be seamless and transparent to Dominion Telecom's customers. The change of control transaction will not adversely affect existing customer contract rates, nor will service be adversely affected, as a result of the merger. Elantic Networks and Cavalier will have the financial fitness to continue to provide quality service to Dominion Telecom's customers.

## **II. CONTACTS**

Questions or any correspondence, orders, or other materials pertaining to this Petition should be directed to:

John J. Pringle, Jr.  
**ELLIS, LAWHORNE & SIMS, P.A.**  
1501 Main Street, Fifth Floor, P.O. Box 2285  
Columbia, SC 29202  
Tel. 803-254-4190/803-343-1270 (direct)  
Fax 803-799-8479  
jpringle@ellislawhorne.com

With copies to:

For Dominion Telecom and Dominion Fiber Ventures:

John D. Sharer  
Vishwa B. Link  
Dominion Resources Services, Inc.

Law Department – PH-1  
120 Tredegar Street (23219)  
P.O. Box 26532  
Richmond, Virginia 23261-6532  
(804) 819-2271 (Tel.)  
(804) 819-2183 (Fax)  
John\_D\_Sharer@dom.com (E-mail)  
Vishwa\_Link@dom.com (E-mail)

And:

Charles A. Zdebski  
Troutman Sanders LLP  
401 Ninth Street, NW  
Suite 1000  
Washington, D.C. 20004-2134  
(202) 274-2909 (Tel.)  
(202) 654-5632 (Fax)  
charles.zdebski@troutmansanders.com (E-Mail)

For Elantic Networks and Cavalier:

Stephen T. Perkins  
Elantic Networks, Inc.  
2134 West Laburnum Avenue  
Richmond, Virginia 23227-4342  
(804) 422-4517 (Tel.)  
(804) 422-4599 (Fax)  
sperkins@elanticnetworks.com (E-Mail)

And:

Leonard Q. Slap  
Edwards & Angell, LLP  
101 Federal Street  
Boston, MA 02110  
(617) 951-2238 (Tel.)  
(617) 439-4170 (Fax)  
[lslap@ealaw.com](mailto:lslap@ealaw.com)

### **III. DESCRIPTION OF MERGER**

#### **A. The Proposed Transaction**

Petitioners have proposed to complete a series of transactions whereby Elantic Telecom, formerly known as Dominion Telecom, will become a subsidiary of Elantic Networks. In particular, Petitioners have proposed that a recently established merger subsidiary, Merger Sub, owned by Elantic Networks, will be merged with and into Dominion Telecom. Following the merger, the separate existence of the merger sub will cease and Dominion Telecom will continue as the surviving corporation. Upon approval of the Commission, the name of the surviving corporation will be changed to Elantic Telecom. In connection with the proposed merger, each share of stock of Dominion Telecom will be automatically converted into the right to receive certain consideration. Following the merger, Elantic Networks will own all of the stock of the surviving company.

In order to complete the proposed merger, the Petitioners have entered into an Agreement and Plan of Merger dated February 1, 2004 (the “Agreement”).

**B. Change in Control**

The proposed merger will result in a change in ownership and control of Dominion Telecom but will not involve any immediate change in the manner in which Dominion Telecom provides service to its South Carolina customers. Dominion Telecom will continue to hold the Certificates of Public Convenience and Necessity issued by the Commission following the merger. The services currently being provided by Dominion Telecom will continue to be offered pursuant to the tariffs that it has on file with the Commission. Following the merger, the former Dominion Telecom entity will continue to employ a qualified team of managers, engineers and technical specialists for the provision of services to the public in South Carolina. The merger will have no immediate impact on the South Carolina customers in terms of services that they

receive from Dominion Telecom and Dominion Telecom will continue honoring all commitments to its existing customers. .

#### **IV. PUBLIC INTEREST CONSIDERATIONS**

Elantic Networks' acquisition of Dominion Telecom through the merger would serve the public interest by promoting competition among telecommunications providers in South Carolina. As a result of the merger, the Dominion Telecom entity would have access to the financial and operational resources required to strengthen its position in the telecommunications marketplace and meet its financial obligations in South Carolina. The proposed merger will ensure that Dominion Telecom will continue to have access to the financial resources it needs to expand and implement its business strategies while continuing to provide high quality services to existing customers. Moreover, the proposed merger will allow the Cavalier management team to be equipped to accelerate the growth of Dominion Telecom as a competitive telecommunications service provider. In sum, the proposed merger is expected to enhance the ability of Dominion Telecom to provide high quality telecommunications services which should invigorate competition in South Carolina and thereby benefit consumers of telecommunications services in South Carolina.



## V. CONCLUSION

For the foregoing reasons, Petitioners respectfully request that the Commission approve this Petition to permit them to consummate the proposed merger and transfer of control, grant approval of the name change described herein, and grant such other and further relief as is just and proper.

Respectfully submitted,

DOMINION FIBER VENTURES, LLC  
DOMINION TELECOM, INC.  
ELANTIC NETWORKS, INC.

/S/

By: \_\_\_\_\_

John J. Pringle, Jr.  
**ELLIS, LAWHORNE & SIMS, P.A.**  
1501 Main Street, Fifth Floor  
Columbia, SC 29201  
Tel. 803-779-0066  
Fax 803-779-4749  
jpringle@ellislawhorne.com

March 16, 2004